

PUBLIC UTILITIES COMMISSION

June 4, 1991

CONSUMER ASSISTANCE DIVISION BULLETIN 91-3

TO: All Utilities

FROM: Barbara R. Alexander, Director Consumer Assistance Division

RE: Denial of Service

This is an informal CAD interpretation of Section 4 of Chapter 810 of the Commission's rules concerning the proper procedures a utility should follow when an applicant applies for service at a location where there is already active service and the applicant refuses to negotiate a payment arrangement on an old bill incurred at a prior location. In a typical scenario, a new tenant moves into a vacant apartment. The electric service is on and a card is found asking the occupant to call the utility to set up an account in their name. The new tenant calls and the utility determines that the applicant owes a prior unpaid bill from a different location. Another variation on this theme occurs when a co-tenant applies for service at the same location where another member of the household has an unpaid current service account. The question is how a utility can demand a payment arrangement from the applicant in either situation before establishing service.

- I. When a utility does not physically disconnect a meter when a customer terminates service, but leaves the meter connected, there are only two options to follow:
- (1) If an occupant refuses to apply for service, the utility can send a 3-day disconnection notice pursuant to Section 9(C) of Chapter 810.
- (2) If an application for service is obtained, the utility should review records to determine if the applicant owes a prior unpaid bill. If so, the applicant should be so informed and offered a payment arrangement as required by Section 4(F). If the applicant for service refuses to negotiate the terms of a payment arrangement (typically, by refusing to return telephone calls or failing to appear at a local office to show identification and negotiate or sign a payment arrangement), the utility may pursue its rights under Section 4(G)(1). This provision allows a 30-day period for the customer to respond to the payment arrangement demand. After 30 days, the utility can transfer the unpaid balance

CAD Bulletin 91-3 June 4, 1991 Page 2

to the customer's current account and initiate collection procedures for an overdue amount.

II. If the utility physically disconnects a meter when a customer terminates service, the utility can deny service pursuant to Section 4(C) [and with the notice required by Section 4(D)] if an applicant for service fails to negotiate the terms of a payment arrangement for an old unpaid bill. Of course, if a customer disputes his or her liability for the old unpaid bill, the utility should connect the customer and follow its internal investigation and dispute resolution procedures. If the utility determines that the applicant is responsible for the unpaid bill, the provisions of Section 4(G) should be followed. If the applicant does not dispute the liability for the unpaid bill, but simply refuses to pay or negotiate payment, the utility may deny service to a previously disconnected meter.

The purpose of Section 4(G) was to allow the utility to pursue collection on a previously unpaid bill, even if the existence of the unpaid bill was not discovered at the time of application for The only difference between the connected and unconnected meter scenario is that the utility with a connected meter must give the customer 30 days to negotiate a payment arrangement prior to instituting collection action. With an unconnected meter, a utility can force the applicant to the bargaining table to at least negotiate payment terms by denying service. In the worst case, the ratepayers are at risk for up to 45 days (the 30-day waiting period plus the 14-day disconnection notice period) of service from a customer who moves into a dwelling and refuses to acknowledge or negotiate payment terms on an old unpaid bill. A utility that routinely leaves meters unconnected must evaluate the expense of this risk (both frequency of occurrence and dollar amount of unpaid bill) when deciding whether to change this policy.

An application for service from a member of a household where active service already exists should be treated as any other applicant under Section 4 of Chapter 810. If the utility suspects that the purpose of the request for service is to avoid payment of the current account balance in the name of another household member, a request for exemption under Section 14(B) of chapter 810 can be filed with the CAD. This request for exemption may seek to transfer the unpaid account balance or may seek a deposit based on the credit history of the nonpaying household member. A discussion of the impact of fraudulent conduct (misrepresentation of identity, etc.) can be found in CAD Bulletin 87-5 (May 29, 1987). You may also want to consult CAD Bulletin 87-6 (May 29, 1987) at p. 4 for a discussion of the attribution rule as it applies to a demand for deposit when a spouse applies for service.

This is an informal staff interpretation. A utility has the right to seek a more formal Advisory Ruling from the Commission pursuant to Chapter 110 of the Commission's rules.